

Message Text

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INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-08 FRB-03 INR-10
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LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01
SOE-02 DODE-00 DOE-15 H-01 INT-05 L-03 PM-05
OES-07 ACDA-12 DOTE-00 CEQ-01 /142 W
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TO SECSTATE WASHDC 3140
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USDOC FOR BEWT

E.O.11652:N/A
TAGS:UR, ECON
SUBJECT:SOVIET INDUSTRIAL PRODUCTION UP 5.1 PERCENT FOR
JANUARY-MAY 1978

REF: (A) MOSCOW 11075, (B) MOSCOW 8225 AND PREVIOUS

SUMMARY: EKONOMICHESKAYA GAZETA'S NO. 25 MAY STATISTICS
SHOW SOVIET OVERALL INDUSTRIAL PRODUCTION IN THE FIRST
FIVE MONTHS OF 1978 HAS INCREASED 5.1 PERCENT OVER 1977.
RESULTS IN THE ENERGY SECTOR CONTINUE TO BE MIXED,
WITH GAS PRODUCTION STILL 8 PERCENT AHEAD OF 1977 RATE.
OIL PRODUCTION IN MAY (48.2 MILLION TONS) WAS HIGHER,
BUT 1978 PRODUCTION TARGET OF 575 MILLION TONS STILL
SEEMS UNLIKELY TO BE ATTAINED. COAL EXCEEDS 1977'S
DISAPPOINTING PACE BY ONLY .2 PERCENTAGE POINTS. RESULTS
IN OTHER SECTORS ALSO VARY, WITH ALL MINISTRIES ACHIEVING
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AND UNION REPUBLICS FULFILLING PRODUCTION TARGETS, BUT
WITH A NUMBER OF IMPORTANT BRANCHES -- E.G. FERROUS
METALLURGICAL BLAST FURNACE, SMELTING AND ROLLING
EQUIPMENT, AND FREIGHT CARS -- BELOW PLAN, AND OTHERS,
PARTICULARLY IN FERROUS METALLURGY BRANCHES -- GROWING
AT A RATE OF ONLY 3 PERCENT. END SUMMARY.

1. IN THE ENERGY SECTOR, PRODUCTION OF PETROLEUM IN MAY (48.2 MILLION TONS) WAS AN INCREASE OVER RATE IN FIRST FOUR MONTHS BUT EVEN CONTINUATION OF THIS MONTHLY RATE WOULD BE LESS THAN NEEDED TO ACHIEVE THE ANNUAL PRODUCTION TARGET OF 575 MILLION TONS; PRODUCTION FOR JANUARY - MAY EQUALLED 233 MILLION TONS, UP 4 PERCENT OVER 1977. PRODUCTION OF GAS, HOWEVER, CONTINUED TO INCREASE OVER 1977 AT A BRISK 8 PERCENT RATE, WITH PRODUCTION FOR THE FIRST FIVE MONTHS AT 154 BILLION CUBIC METERS (30.6 BILLION FOR MAY). WITH MAY'S 57.3 MILLION TON FIGURE, THE COAL INDUSTRY MANAGED TO EXCEED PRODUCTION FIGURES FOR THE SAME PERIOD OF 1977 BY .2 PERCENTAGE POINTS, PRODUCING 302 MILLION TONS IN JANUARY-MAY. LABOR PRODUCTIVITY IN THE MINISTRY IS ONLY 98 OF THAT IN 1977, HOWEVER. PRODUCTION OF ELECTRICITY REACHED 511 BILLION KILOWATT HOURS. (ACCORDING TO TRUD JUNE 13 1.1 PERCENT LESS FUEL WAS USED TO PRODUCE ONE KILOWATT HOUR - IN COMPARISON TO JANUARY - MAY 1977).

2. EKGAZ NO. 25 PROVIDED FOLLOWING INDUSTRIAL STATISTICS FOR JANUARY - MAY 1978. OVERALL INDUSTRIAL PRODUCTION FOR JANUARY - MAY GREW BY 5.1 PERCENT (.6 PERCENTAGE POINTS ABOVE PLAN) OVER THE SAME PERIOD 1977. PRODUCTIVITY OF LABOR INCREASED 3.6 PERCENT OVER MAY 1977, MAKING THE INCREASE FOR JANUARY - MAY 3.7. (ACCORDING TO SOTSIALISTICHESKAYA INDUSTRIYA JUNE 13 LIMITED OFFICIAL USE

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THIS WAS .5 PERCENTAGE POINTS ABOVE GOSPLAN'S TARGET FOR THE FIRST 6 MONTHS, BUT .1 PERCENTAGE POINT BELOW THE ANNUAL TARGET (3.8 PERCENT). THE FOLLOWING INDUSTRIES FULFILLED OR OVERFULFILLED PLANS FOR PRODUCTION SOLD (FIGURES IN BRACKETS INDICATE 1978 AS A PERCENTAGE OF 1977): ENERGY AND ELECTRIFICATION 100.8 (105); PETROLEUM PROCESSING AND PETROCHEMICAL INDUSTRIES 101 (105); PETROLEUM INDUSTRY 101 (104); GAS INDUSTRY 104 (108); COAL INDUSTRY 100.6 (100.3); FERROUS METALLURGY 100.9 (103); ENERGY MACHINE BUILDING 101 (106); CHEMICAL 100.9 (103); ENERGY MACHINE BUILDING 101 (106); HEAVY AND TRANSPORT MACHINE BUILDING 100.7 (106); CHEMICAL AND PETROLEUM MACHINE BUILDING 101 (106); ROAD, COMMUNAL AND CONSTRUCTION MACHINE BUILDING 102 (104).

3. KEY INDUSTRIAL BRANCHES PRODUCED AS FOLLOWS: (FIGURES IN BRACKETS, 1978 AS A PERCENTAGE OF 1977): STEEL, 63 MILLION TONS (103); ROLLED FERROUS METALS 44 MILLION TONS (103); STEEL PIPES, 7.2 MILLION TONS (103); BLAST FURNACES AND STEEL ROLLING EQUIPMENT, AND SMELTING EQUIPMENT 114 MILLION RUBLES (99.7); OIL-APPARATUS 73.7 THOUSAND TONS (105)(DESPITE THE FACT THAT SOTSIALISTICH-

ESKAYA INDUSTRIYA JUNE 13 INDICATES THAT THE LAG IN PRODUCTION OF OIL-APPARATUS HAS INCREASED BY 2.1/2 TIMES IN COMPARISON WITH PREVIOUS MONTHS); FREIGHT CARS 28.6 THOUSAND PIECES (98); ALTERNATING CURRENT ELECTRICAL MOTORS, 3.9 MILLION KILOWATTS (103) (DESPITE THE FACT THAT IN MAY, ACCORDING TO SOTSIALISTICHESKAYA INDUSTRIYA, 11.3 THOUSAND FEWER THAN PLANNED WERE PRODUCED); METAL CUTTING LATHES 98.2 THOUSAND PIECES, (100.4); CEMENT 53 MILLION TONS (101). ACCORDING TO TRUD, THE SHORTFALL IN PRODUCTION OF BRICKS WAS AT LEAST 300 MILLION.

4. EKGAZ'S PRAISE AND CRITICISM IS RATHER LIGHT IN COMPARISON WITH PREVIOUS MONTHS. IT APPLAUDS THE FACT LIMITED OFFICIAL USE

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THAT THE NUMBER OF ASSOCIATIONS AND ENTERPRISES FAILING TO FULFILL ALL TECHNICAL-ECONOMIC INDICATORS AND CONTRACTS FOR DELIVERY HAS BEEN DECREASING. IT LAUDS

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THE "THOUSANDS" OF ASSOCIATIONS AND ENTERPRISES, WHICH

HAVE PRODUCED ONE HALF OF THE PROMISED 2.5 BILLION RUBLES OF OVER-PLAN OUTPUT FOR 1978. IT CRITICIZES THOSE INDUSTRIAL BRANCHES WHICH FAILED TO ACHIEVE PRODUCTION TARGETS, INCLUDING ELECTRO-TECHNICAL EQUIPMENT, FREIGHT CARS, FOOD INDUSTRY EQUIPMENT, SULPHURIC ACID, PHOSPHATE FERTILIZERS, LOGS AND TIMBER, AND CHINA-EARTHENWARE DINNERWARE. IT ALSO CRITICIZES ENTERPRISES UNDER THE MINISTRY OF MACHINE TOOL AND MACHINE-BUILDING INDUSTRY FOR FAILING TO ACHIEVE ITS GROWTH OF PRODUCTIVITY AND PRODUCTION SOLD TARGETS. IT CASTIGATES THE MINISTRIES OF CONSTRUCTION MATERIALS, MEAT AND DAIRY INDUSTRY, AND THE TIMBER AND WOOD PROCESSING INDUSTRY, FOR THE FAILURE OF 13, 16 AND 12 PERCENT OF THEIR ENTERPRISES RESPECTIVELY TO FULFILL PRODUCTION SOLD TARGETS. MATLOCK

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